

State of Nevada  
Gaming Control Board

**CPA MICS Compliance Reporting Requirements**

**UTILIZATION OF INTERNAL AUDIT**

Licensee \_\_\_\_\_ Review Period \_\_\_\_\_

Indicate the person(s) performing the Internal Audit function for the period under review: \_\_\_\_\_

Date of Inquiry	Person Interviewed	Position

Checklist Completion Notes:

- As indicated in the "Guidelines" section of the "CPA MICS Compliance Reporting Requirements", the completion of this checklist is required. The agreed-upon procedures contained herein are being completed to assist the licensee's Audit Committee, if applicable, or Senior Management/Owners in evaluating management's written assertion regarding the internal audit department's compliance with the criteria included in the Guidelines section entitled "Licensee's Election to Utilize Internal Audit to Substitute for CPA Work – Internal Audit Department Criteria".
- All "no" answers require referencing and/or comment. Any "no" response may result in the Board rejecting the licensee's request to Utilize Internal Audit to Substitute for CPA Work.

Questions	Yes	No	Comments, W/P Reference
<b><u>Internal Audit Department Criteria</u></b>			
1. Does the internal audit department report directly to the audit committee, if applicable, and to senior management/ownership personnel who are independent of the departments under review? <b>Indicate to whom the internal audit department reports.</b>			
2. Has the licensee's representation that senior management/ownership have demonstrated their commitment in making compliance with internal controls a central part of the operation been obtained?			
3. Are internal audit findings properly communicated to the appropriate employees of the gaming operation?			
4. Is the individual who is directly responsible for supervising and managing the internal audit function a CIA or CPA with a minimum of two years auditing experience?  <b>Note: Procedure is not applicable to a Nevada CPA performing the internal audit procedures required by Regulation 6.090(15).</b>			

Verified per representation.

Verified per observation/examination.

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Questions	Yes	No	Comments, W/P Reference
<p>5. Does 50% of the internal audit staff, assigned to perform the required procedures pursuant to Regulation 6.090(15), possess a four-year degree or an advanced degree in accounting, finance, hotel administration or in any other business-related field; or possess any other four-year degree and is a CPA, CIA, CFE or CMA?</p> <p><b>Note: Procedure is not applicable to a Nevada CPA performing the internal audit procedures required by Regulation 6.090(15).</b></p>			
6. Does the internal audit department perform observations, document examinations and inquiries of employees to determine compliance with applicable statutes, regulations, and minimum internal control standards?			
7. Does the internal audit department workpapers include checklists, programs and guidelines published by the Board and document the work performed, the conclusions reached, and the resolution of all exceptions?			
<b><u>Evaluation of the Internal Audit Department</u></b>			
8. Does the internal audit department have policies that prevent auditors from auditing areas where relatives are employed in important or audit-sensitive positions?			
9. Does the internal audit department have policies that prevent auditors from auditing areas where they were recently assigned or are scheduled to be assigned?			
<p>10. Has internal audit completed the following checklists: <b>Indicate the "review period(s)" of the checklist examined.</b></p> <p><b>Note: Indicate two review periods if the checklist is required to be completed during each six-month period.</b></p>			
a. Slots – General Walk-Through			

Verified per representation.

Verified per observation/examination.

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Questions	Yes	No	Comments, W/P Reference
b. Slots – On-Line Slot Metering Systems			
c. Slots – Hard Drop and Count Observation			
d. Slots – Currency Acceptor Drop and Count Observation			
e. Slots – Key Controls			
f. Table Games – General Walk-Through			
g. Table Games – Marker Credit Play			
h. Table Games – Soft Drop and Count Observation			
i. Table Games - Key Controls			
j. Card Games			
k. Computerized Keno			
l. Bingo			
m. Race and Sports Books			
n. Pari-Mutuel			

Verified per representation.

Verified per observation/examination.

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Questions	Yes	No	Comments, W/P Reference
o. Entertainment			
p. Cage and Credit			
q. Information Technology			
11. Have all instances of non-compliance noted by internal audit in the checklists listed in step 10 (regardless of materiality) been included in the internal audit reports to the audit committee, if applicable, and senior management/owners and to the Gaming Control Board?			
12. Is there evidence that internal audit reported internal control deficiencies to casino personnel in the department in which the instance of noncompliance was noted?			
13. Does internal audit supervisory personnel indicate in the internal audit workpapers through a formal sign-off that the work of staff internal auditors has been reviewed as evidenced by supervisory personnel sign-offs? <b>Indicate the level(s) of review performed.</b>			

Verified per representation.  
Verified per observation/examination.